

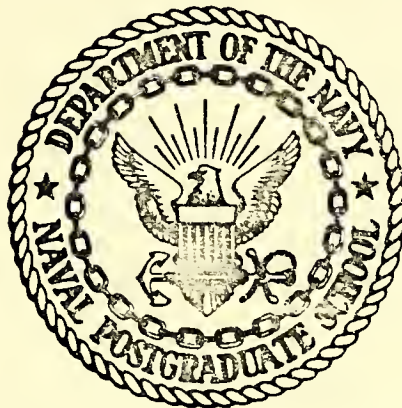
AN ANALYSIS OF THE BUDGETARY BEHAVIOR OF THE
HOUSE APPROPRIATIONS COMMITTEE ON DEFENSE
PROCUREMENT

Leo Allen Lukenas

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THESIS

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OF THE
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ON DEFENSE PROCUREMENT

by

Leo Allen Lukenas

June 1974

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With regard to the fiscal versus programmatic controversy, it is suggested that Subcommittee behavior toward Defense Procurement has been more fiscal than programmatic.

An Analysis of the Budgetary Behavior of the
House Appropriations Committee
On Defense Procurement

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June 1974

ABSTRACT

This thesis takes a detailed look at the activity of the House Defense Appropriations Subcommittee in the area of Defense Procurement for the period, FY 1970-1973. By analyzing House Reports and records of hearings, the reasons for the Subcommittee budgetary actions are identified and cataloged so as to determine true Subcommittee initiative. For the period considered, three aspects of Subcommittee activity are identified which contribute to a greater insight into Congressional budgetary behavior. First, the authorization process is shown to have had an increasing impact on the Defense Procurement Appropriation; second, it is shown that less than 40 per cent of all Subcommittee recommendations are the result of true Subcommittee initiative; and third, the Navy has been the Service most affected both in number of decisions and dollar amount of reduction. With regard to the fiscal versus programmatic controversy, it is suggested that Subcommittee behavior toward Defense Procurement has been more fiscal than programmatic.

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I. INTRODUCTION

Congressional scrutiny of the Defense Budget continues to increase. Public awareness of the Federal Budget remains heavily centered on the well-publicized Defense request as pressures grow for the reduced requirements expected of peacetime and for an accompanying shift of priorities toward the non-defense areas. Such is the setting for this thesis, the intent of which is to provide a greater insight into Congressional budgetary behavior for the period FY 1970 through FY 1973 by analyzing the actions of the House of Representatives Committee on Appropriations in the area of Defense Procurement.

The approach chosen differs from that of recent studies of Congressional budgetary impact in that the individual decisions of only the Defense Appropriations Subcommittee of the House Committee on Appropriations for elements within line items are considered rather than the final aggregated line item recommendations approved by Congress as a whole.¹ The House Committee on Appropriations was selected because it is generally recognized as the most influential and powerful participant of Congress in the budgetary process [Ref. 6,

¹ For this study the term "line item" refers to an appropriation category such as Procurement of Aircraft and Missiles, Navy (PAMN). The term "element" refers to an item included within a line item such as the element, S-3A Aircraft, in the line item, PAMN.

p. 1]. The category of Defense Procurement was selected because it has been the most heavily affected appropriation title for the period under consideration [Ref. 11]. The study deals only with the request for new obligational authority (NOA) in the Procurement category. Budget amendments are included but budget supplementals are not since the latter are considered by a separate subcommittee and not the House Defense Appropriations Subcommittee whose actions are the subject of this study.

II. BACKGROUND

For the Department of Defense, the budget message sent to Congress in January of each year marks the ending of a formal eighteen-month effort under the Planning, Programming and Budgeting System (PPBS) and the beginning of an equally difficult if not more demanding challenge -- the Congressional budgetary process. Activity within Congress includes hearings before the Armed Services Committees of both houses, passage of an authorization bill in each house followed by Conference Committee action which resolves differences between the two bills. In addition, hearings are held before the House and Senate Committees on Appropriations followed by passage of an appropriations bill by each house and action by a Senate-House Conference to resolve differences.

While the entire authorization-appropriation process may be thought of as a sequence of events, it is customary for the Subcommittee on Department of Defense of the House and Senate Appropriations Committees to hold hearings at approximately the same time as hearings are being held by the Armed Services Committees and usually well before final passage of the Defense Authorization Bill.² In fact,

²As an example, for the FY 1972 Defense Budget Request, the Senate Armed Services Committee held hearings during the period March 15-May 5, 1971; the House Armed Services Committee held hearings during the period March 9-May 12; the Senate Defense

a principal cause for late passage of the Defense Appropriations Bill in recent years has been the lateness of enactment of the authorization legislation [Ref. 21]. In FY 1970, 1971 and 1972, the Authorization Conference filed its report on November 6, 1969, October 1, 1970, and November 5, 1971, respectively. Even greater delays were avoided because the Defense Subcommittee had already completed its review and only needed to make the last minute adjustments caused by changes in the authorization bill. This effort has also been shortened through cooperation with the Authorizing Committees which have supplied the results of conference action to the Appropriations Subcommittee on Defense prior to completion of all conference action [Ref. 18, p. 7].

The process just outlined will be discussed in more detail in this section and literature on Congressional budgetary behavior will be reviewed.

A. THE CONGRESSIONAL BUDGETARY PROCESS

1. The Defense Authorization Bill

An authorization approves functions for which expenditures are to be made. An appropriation provides the funds for the functions approved by an authorization [Ref. 14]. Not all of the Defense

Appropriations Subcommittee held hearings during the period March 22-April 27; and the House Defense Appropriations Subcommittee held hearings during the period February 22-June 22. Conference action on the Defense Authorization Bill for FY 1972 was completed on November 5, 1971.

Appropriations require annual authorization. Appropriations for Military Personnel, Operations and Maintenance, and a part of Procurement are made on the basis of continuing authorizations. Prior to 1961, Congress had also employed a generalized continuing authorization for major procurement by the Armed Services, but a major change was made by the Russell Amendment of 1959. The Russell Amendment, incorporated as Section 412(b) of Public Law 86-149, the Military Construction Authorization Act of Fiscal 1960, made annual authorization a requirement for the procurement of aircraft, missiles, or naval vessels after December 31, 1960 [Ref. 3]. Through subsequent amendments, annual authorization of appropriations was extended to include Research, Development, Test and Evaluation (RDT&E) (FY 1963), Tracked Combat Vehicles (FY 1968), Other Weapons (FY 1970) and Torpedoes (FY 1971). Approximately 68 per cent of the Defense request for Procurement in Fiscal 1973 was subject to the annual authorization requirement [Ref. 1, v. 28, p. 404 and p. 801]. Because of this, the Armed Services Committees which review the authorization have become a major influence on the Defense appropriations for Procurement and RDT&E [Refs. 3 and 12].

Although the authorization process may begin in either the Senate or the House, the House has usually taken the lead. For the purpose of the following discussion it is assumed that the House initiated the authorization legislation. Separate hearings on the Defense

Budget are held by the House and Senate Armed Services Committees during which the request is reviewed with key witnesses from the Services. An authorization bill is drafted by the House Armed Services Committee and submitted to the House for passage. Upon approval, the House bill is sent to the Senate where additional informal hearings may be held by the Senate Armed Services Committee to consider any Service reclama to House action. If changes are made in the House bill, the differences are resolved in joint conference. Following passage by both houses and signing by the President, the Defense Procurement and RDT&E Authorization Act is delivered to the House and Senate Appropriations Committees, specifically the Subcommittees on Department of Defense, for use in their review of appropriations requests.³

Theoretically, the Authorization Act sets an upper limit on appropriations, but it is possible for the Appropriations Bill to contain amounts greater than authorized. Further comment on this matter will be made in the discussion of the power of the House Committee on Appropriations.

2. The Defense Appropriation Bill

The sequence of events followed in the appropriations process parallels that observed in the authorization process. Hearings are held by the Appropriations Subcommittees on Defense, a report is filed

³The Military Construction (MILCON) Appropriation is considered separately by the Military Construction Subcommittees of the Senate and House Appropriations Committees.

and legislation is passed by the House and sent to the Senate. In the Senate, hearings are held by the Senate Appropriations Subcommittee on Defense, a report is filed and legislation is approved by the senior chamber. To resolve the differences that may exist between the House and Senate versions of the Appropriations Bill, a conference committee is convened. The appropriations process ends with final approval of the Conference Report by both houses and signing by the President. While the whole process of authorizing and appropriating funds for the fiscal year commencing on July 1 should be complete by July 1, final action normally takes place much later. For the period FY 1970 to FY 1973, earliest enactment of a Defense Appropriations Bill occurred on October 13, 1972; the latest enactment date for the period was December 29, 1971.

a. House Action

By tradition, appropriation bills originate in the House of Representatives.⁴ The House Appropriations Committee is not only the first to act but is also generally regarded as being the most influential and powerful of the Congressional participants [Ref. 6, p. 1]. Because of the relatively large size of the House Committee on

⁴The Constitution prescribes that revenue bills originate with the House and is non-specific about appropriations bills. House interpretation and tradition and not constitutional prerogative have established the House as the initiator of appropriations bills [Ref. 6, p. 1].

Appropriations (50) and the rules of assignment which identify it as one of the three exclusive committees (its members may not serve on any other House Committee) [Ref. 13], the opportunity for specialization by the members in their subcommittee assignments is great [Ref. 5]. This has enabled the subcommittee to be extremely thorough in its review of the budget request.

There are other factors which enhance the Committee's position of power. All Committee and Subcommittee meetings and hearings are held behind closed doors in secret executive session. The only information provided to the whole House comes in the form of the printed account of the hearings and the Committee Report. Although the Legislative Reorganization Act of 1946 requires that three calendar days be allowed from the time the Committee submits its printed report and hearings record until the time a particular appropriations bill may be brought to the floor for consideration, judicious use of weekends, Fridays and Mondays, when many Congressmen are absent from Washington, can limit opportunity for opposing views to the Committee recommendations to develop [Ref. 6, p. 48]. Prior to 1965, when Congressman Clarence Cannon was Chairman of the Appropriations Committee, a Friday-Tuesday sequence was consistently scheduled, i. e., the Committee would file its report on Friday and bring the bill up in the House on Monday. Since 1965, when Congressman George Mahon assumed the Chairmanship, a Thursday-Tuesday schedule has

become common. Under Congressman Mahon, bills have normally been reported out on Thursday and taken up in the House on the following Tuesday. The ability to control the movement of appropriations bills to the House floor is based on House rules which designate the reports of the Appropriations Committee as privileged matters. A special rule from the Rules Committee is not required to gain clearance to the House floor. In addition, the reports have precedence over most other business [Ref. 6, p. 417].

The House Committee on Appropriations is expected to appropriate and not legislate. The authorization legislation should therefore set the upper limit on funds the Committee may appropriate. While this is generally the case, there have been instances when the Committee has recommended and had approved an appropriation greater than was authorized. Establishing an appropriation in excess of the authorization limit is considered a form of legislating. Any provision that is of the nature of legislation will survive if unopposed but it may be struck from the bill if any House member makes a point of order against it. It is possible for the Committee to avoid such defeat by asking for and being granted by the House Rules Committee a special rule to waive all points of order against its bill. According to Fenno this procedure has been used sparingly [Ref. 6, p. 422].

Some indication of the power and influence of the Appropriations Committee can be seen in the success its recommendations

have had in withstanding amendment. In his study of the House Appropriations Committee activity in non-defense areas, Fenno reported that, of 547 proposed amendments over a 16 year period, only 163 or 30 per cent passed. The record for defense appropriations is even more impressive. In the period from FY 1958 through FY 1973, of a total of 85 floor amendments proposed, only 15 or 18 per cent were accepted. In the area of Defense Procurement over the same 16 year period (FY 1958-1973), only 34 amendments were offered with five or 15 per cent being approved. From FY 1969 through FY 1973, 16 amendments were offered in the area of procurement but none were adopted.

Upon passage by the whole House, the Appropriations Bill is sent to the Senate for consideration.

b. Senate Action

The role of the Senate Committee on Appropriations has been characterized as being a responsible Court of Appeals while the House Committee has enjoyed the reputation of being guardian of the Treasury [Ref. 10]. In its review of the House Appropriation Bill the Senate Appropriations Committee has generally considered the appeals of agencies seeking restoration of reductions made by the House. In recent years, the Senate Committee has begun to rival the House in making reductions in the budget request. According to Arnold Kanter, the Senate, since FY 1967, has been taking a more critical look at defense expenditures and by FY 1969 was voting smaller appropriations than the House for most line items [Ref. 10].

The result of Senate action is an appropriation bill that usually differs from the House version. Resolution of the differences is handled by the Conference Committee. The appropriations process ends with approval of the Conference Report by both houses and signing by the President.

B. BUDGETING LITERATURE

There have been numerous studies dealing with Congressional budgetary activity and behavior. Two principal works generally regarded as authoritative references are The Politics of the Budgetary Process by Aaron Wildavsky [Ref. 21] and The Power of the Purse by Richard Fenno [Ref. 6]. Both are comprehensive in their descriptions of Congressional budgetary activity and provide insight into the composition, power and influence of the Senate and House Appropriations Committees. The studies are based on personal observation and numerous interviews of agency officials and members of Congress closely associated with the appropriations process. Consideration is limited to non-defense areas. There is agreement between Fenno and Wildavsky that Congress makes budget decisions on an incremental basis.

In the article, A Theory of the Budgetary Process, the team of Davis, Dempster and Wildavsky proposed several models as possible decision rules for the development of agency budget requests and Congressional consideration of agency requests. The budget requests for 56 non-defense agencies for the period, 1947 to 1963, were studied in

conjunction with the final Congressional appropriations. The empirical results were said to support the hypothesis that "the budgetary process of the United States Government is equivalent to a set of temporally stable linear decision rules" [Ref. 2].

Whereas Fenno and Davis, Dempster and Wildavsky supported the notion that the Congressional budgetary process has been based on incrementalism and has been non-programmatic, Arnold Kanter has claimed that most Congressional decisions in the area of defense have been based on judgements relating weapon systems to Congressional perception of the nation's defense requirements. In his article, Congress and the Defense Budget: 1960-1970, Kanter looked at 28 individual line items included within four appropriation titles, i. e., Personnel, Operations and Maintenance (O&M), Procurement, and Research, Development, Testing and Evaluation (RDT&E). The study used data for the period, FY 1960 through 1970. In addition to the conclusion that budgeting had a programmatic orientation, Kanter also identified the categories of Procurement and RDT&E as receiving the greatest attention by Congress [Ref. 10].

Lawrence Korb in Congressional Impact on Defense Spending, 1962-1973: The Programmatic and Fiscal Hypotheses attempted to resolve the different perceptions of Congressional impact upon the Defense Budget. His conclusion, unlike Kanter's was that Congressional motivations were mostly fiscal, i. e., concerned with the level

of spending and not primarily programmatic. According to Korb, Congress almost never cancels a weapon system outright and usually makes reductions by delaying or stretching out programs [Ref. 11].

Joseph Terry in his thesis entitled, A Methodology for Analyzing Congressional Behavior Toward Department of Defense Budget Requests, developed and empirically tested four simple linear models to relate Congressional appropriations to the Defense Budget request in the tradition of the modeling of Davis, Dempster and Wildavsky. Based on the empirical results, Terry concluded that at least part of the complex Defense budgetary process could be explained by simple mathematical models [Ref. 15].

In Information Change and Congressional Behavior: A Caveat for PPB Reformers, James Jernberg looked at the published record of the hearings of the House Appropriations Committee and used the technique of "content analysis" to classify the budgetary orientation of three subcommittees. The classification was based on the types of questions the subcommittees asked agency officials during the hearings and not on the final dollars appropriated [Ref. 9].

The purpose of this thesis is to provide a greater insight into Congressional budgetary behavior. This is accomplished by using a technique similar to "content analysis" employed by Jernberg to identify the nature of the decision making behavior of one of the principal Congressional participants, the House Defense Appropriations Subcommittee. The study, which is limited to Defense Procurement, involved

a detailed review of the content of the official records of Subcommittee activity. The reasons given in the reports for the recommendations of the Subcommittee are identified and cataloged so as to isolate true Subcommittee initiative. Analysis of such Subcommittee activity in relation to the unresolved programmatic versus fiscal issue appears to show greater support for a fiscal orientation as being descriptive of the behavior of the House Defense Appropriations Subcommittee in the area of Defense Procurement.

III. METHOD OF ANALYSIS AND SUMMARY OF FINDINGS

A. METHOD OF ANALYSIS

At the outset, it was decided to attempt to characterize the activity of the Subcommittee on Department of Defense of the House Appropriations Committee on the basis of the reasons given for its decisions on the individual line item elements of the Defense Department Procurement Appropriation. At the time of analysis in FY 1974, there were 13 line items in the Procurement Appropriation, i. e., Aircraft Procurement, Army⁽²⁾; Missile Procurement, Army⁽³⁾; Procurement of Ammunition, Army⁽⁴⁾; Other Procurement, Army⁽⁵⁾; Procurement of Aircraft and Missiles, Navy (PAMN)⁽⁶⁾; Shipbuilding and Conversion, Navy (SCN)⁽⁷⁾; Other Procurement, Navy (OPN)⁽⁸⁾; Procurement, Marine Corps (PMC)⁽⁹⁾; Aircraft Procurement, Air Force (APAF)⁽¹⁰⁾; Missile Procurement, Air Force (MPAF)⁽¹¹⁾; Other Procurement, Air Force (OPAF)⁽¹²⁾; and, Procurement, Defense Agencies. Procurement for Defense Agencies represented less than 0.5 per cent of the total budget request and was not included in this analysis. Prior to FY 1972, the five line items for the Army were included in one major line item. Procurement of Equipment and Missiles, (PEMA). For ease of comparison, the five Army line items of the FY 1972 and FY 1973 budgets were combined and treated as a single equivalent PEMA line item in this analysis.

The published records and accounts of House appropriations activity were studied and the justifications given for particular actions were identified and assigned to one of seven categories of reasons. By analyzing the distribution of types of decisions, it was expected that Subcommittee behavioral tendencies would be identified. Through this process it was hoped that clarification of the programmatic versus fiscal controversy would be possible.

B. DATA SOURCES

The primary references used for this study were the published Reports of the House Appropriations Committee for the Department of Defense Appropriation Bill for FY 1970 through FY 1973 [Ref. 16, 17, 18, and 19]. The necessary supplemental references included the printed Hearings of the House Appropriations Subcommittee on Department of Defense [Ref. 4], the Congressional Quarterly Almanac [Ref. 1] and the Committee Print Table of the Senate Committee on Armed Services for FY 1970, 1971 and 1973 [Ref. 20]. The Committee Print Table is a summary of the results of Congressional activity on Procurement and RDT&E items requiring annual authorization authority. It is prepared by the Senate Armed Services Committee Staff for use by the Committee in its review of the budget request for the next fiscal year. The table provides a quick view of what cuts were made. Included in the Print Table are detailed summaries by type of weapon system and Service, e.g., Army Aircraft, Navy Missiles, Naval Vessels, etc.

In general, there was little in the way of specific testimony or Subcommittee member comment in the Hearings to suggest the action later recommended in the Report. Indications as to the size of the specific adjustments contemplated by the Subcommittee could not be determined from the Hearings. The printed record of the hearings did prove of considerable value in providing the specific details of the line item and element requests. This information was usually found in the prepared opening statements of Service officials. There were instances when it was difficult to reconcile the reductions cited in the Committee Report with those shown in the Committee Print Tables. While total amounts, such as for Navy Aircraft Procurement, were accurate, assignment of reductions in Committee reports to elements like "F-14 Aircraft" and "Aircraft Spares and Repair Parts" sometimes differed between the Committee Print Table and the Committee Report. By referring to the Service request outlined in the Hearings the matter could often be resolved.

Analysis of the Defense Procurement appropriation for FY 1972 was particularly difficult since a Committee Print Table was unobtainable. The Committee Print Table had its limitation in that it could only be used to verify those elements of the budget request which required annual authorization authority. This study considered the total Procurement request including the 30 per cent that did not require annual authorization.

C. DISCUSSION OF RESULTS

1. Impact of Authorization Legislation

Each of the House Defense Appropriations Subcommittee decisions was assigned to one of seven categories on the basis of the reasons cited in the Committee Report for the action taken. The budget adjustments resulting from the authorization legislation which were accepted by the House Subcommittee without modification were identified as a separate category. The intent was to identify those decisions on which the House Subcommittee merely conformed and took no new initiative. In the process it was possible to assess the influence of the Authorization Act on the development of the Procurement appropriation. Table I is an accounting of the authorization-appropriation relationships. It is clear that the Armed Services Committees do have the opportunity to greatly affect the appropriations process. Approximately 70 per cent of the Defense Procurement appropriation is subject to annual Congressional authorization. For the period, FY 1970-1973, of the segment of the Defense Procurement Appropriation requiring annual authorization, Congress made budget cuts averaging six per cent a year. However, it was only in FY 1973 that the reduction exceeded the Fenno five per cent criteria of significance.⁵ When related to the decisions of the House Subcommittee, the

⁵Fenno has claimed that changes of less than five per cent are marginal [Ref. 6, p. 353].

adjustments prescribed in the authorizing legislation are shown to have had a growing influence. In FY 1970, only 11.7 per cent of the total dollar reductions recommended by the House Subcommittee were attributable to the authorization process as seen in Table I. The impact has grown dramatically in each successive year. By FY 1973, 73 per cent of the total dollar reductions recommended by the House Subcommittee were traceable to the authorization process. This growing impact of the authorization process suggests that, at least for the Defense Procurement appropriation, the Armed Services Committees of Congress have a significant if not dominant influence.

2. Decision Categories

For the period, FY 1970-1973, reports of the House Committee on Appropriations contained a total of 313 proposed actions affecting the Defense Procurement Appropriation. Using the reasons cited in the reports, the decisions were divided into seven categories; "improper requests", "reduced requirements", "Service adjustments", "financial adjustment", "special Subcommittee action", "no reason cited", and "conformance with authorization". The type of reasons included in each category are detailed below.

a. Improper Request

The reasons in this category fall into four major groupings.

(1) Improper Category. Procurement funding was requested for an effort whose nature was more appropriately funded under some other appropriation such as RDT&E or O&M.

(2) Premature Request. Testing was incomplete; deficiencies had not been corrected; a slowdown was needed to permit full evaluation; the request would result in excessive concurrency between development and procurement.

(3) Reductions Due to Cuts in Related Programs. Reductions were a natural consequence of other decisions.

(4) Insufficient Priority/Urgency. The purpose of the program could not justify the cost, or items were made a part of a budget amendment but were of insufficient urgency to warrant amendment action.

b. Service Adjustment

During the hearings, the Services identified areas of reduced funding requirements resulting from actions which they had already initiated, e. g., cancellation of requirements, termination of contracts, deferral of procurement, program realignment, awarding of multi-year contracts, and use of current assets in place of new procurement. The Subcommittee merely endorsed these Service identified reductions.

c. Reduced Requirement

Reductions were possible because of differences between current actual usage and attrition rates and those used by the Services in forecasting requirements during budget preparation. These differences were identified by the House Subcommittee and were not volunteered by the Services.

d. Financial Adjustment

Reductions were recommended by the Subcommittee but were immediately offset by the transfer of prior year unobligated funds or the transfer of funds from the Defense or Service Stock Funds.

e. Special Subcommittee Action

The reasons in this category fall into two major areas.

(1) General Reduction. The Subcommittee imposed reductions of a non-specific nature which were to be absorbed as the affected Service saw fit.

(2) Reversal of Authorization Decisions. These decisions resulted in nullifying the addition or deletion of funding approved during the authorization process and appropriating just what had been requested by the Services.

f. No Reason Cited

Reductions in classified projects and for certain other items were identified by amount only. Specific reasons were not given.

g. Conformance with Authorization

The Subcommittee concurred in the adjustment prescribed in the authorization legislation. Authorization actions which were further modified by the House Subcommittee are included in the other categories.

Table II provides the distribution of actions taken. As indicated, Subcommittee activity was concentrated in the category, "improper

TABLE II

CLASSIFICATION OF SUBCOMMITTEE DECISIONS
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

CATEGORY	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
a. IMPROPER REQUEST	21 (-\$887.5M)	32 (-\$608.3M)	12 (-\$58.3M)	50 (-\$1155.6M)	115 (-\$2709.7M)
b. SERVICE ADJUSTMENT	2 (-\$60.4M)	10 (-\$92.7M)	7 (-\$198.6M)	4 (-\$48.2M)	23 (-\$399.9M)
c. REDUCED REQUIREMENT	11 (-\$833.7M)	11 (-\$130.4M)	2 (-\$34.5M)	3 (-\$57.0M)	27 (-\$1055.6M)
d. FINANCIAL ADJUSTMENT	2 (-\$85.0M)	5 (-\$95.0M)	7 (-\$460.0M)	9 (-\$358.6M)	23 (-\$998.6M)
e. SPECIAL SUBCOMMITTEE ACTION	14 (-\$268.5M)	4 (-\$36.0M)	9 (-\$28.0M)	13 (-\$156.3M)	40 (-\$488.8M)
f. NO REASON CITED	4 (-\$105.2M)	1 (-\$55.0M)	3 (-\$149.5M)	2 (-\$20.8M)	10 (-\$330.5M)
g. CONFORMANCE WITH AUTHORIZATION	16 (-\$538.4M)	17 (-\$86.8M)	21 (-\$563.9M)	21 (-\$1024.2M)	75 (-\$2213.3M)
	70 (-\$2778.7M)	80 (-\$1104.2M)	61 (-\$1492.8M)	102 (-\$2820.7M)	313 (-\$8196.4M)

request", with over 37 per cent of the total actions recommended for the period, FY 1970-1973.

The decisions included in the categories "reduced requirements", "Service adjustment", "conformance with authorization" and "financial adjustment" did not appear to represent true Subcommittee initiative. The decisions in these four categories had little, if any, impact on the budget request, were the results of action initiated by the Services, were based on actions initiated in the authorization process or were the natural reactions to changed usage or attrition rates.

Decisions in the "conformance with authorization" category represented endorsement of the authorization action without change by the House Subcommittee on Defense appropriations.

"Service adjustment" decisions merely represented Subcommittee endorsement of budget changes initiated or proposed by the Services after the budget had been submitted to Congress. For example, for the FY 1973 budget request, the Marine Corps witnesses testified that the \$7.7 million requested for procurement of LVTE-7 assault amphibian mine clearance vehicle, initial spares and contractor support would not be needed since the Marine Corps had cancelled the requirement. The Subcommittee therefore recommended a reduction of \$7.7 million in the budget request for tracked combat vehicles.

In "reduced requirements" decisions the Subcommittee reacted to differences between current actual usage and/attrition rates and

those used by the Services in forecasting requirements during budget preparation. As an example, for FY 1970, the Subcommittee recommended a reduction of \$92.8 million in ammunition based primarily on reduced ammunition consumption possibly due to a decrease in combat operations in Southeast Asia although not specifically stated.

The decisions in the category, "financial adjustment", while credited to the Subcommittee as reductions were little more than book-keeping exercises. The Subcommittee would make a reduction and then immediately recommend that it be offset with the transfer of unobligated funds of prior years whose period for obligation was about to expire. As an example, for FY 1973, the Subcommittee recommended a financial adjustment reduction in PAMN of \$25 million but provided transfer authority for the Navy to utilize \$25 million from the account, PAMN, 1971/1973, to offset the recommended reduction. Such maneuvering had little effect on the individual elements of the budget request. This maneuvering is best explained when one realizes that, prior to 1971, appropriations were "no year" appropriations with no time limit for the obligation of appropriated funds. In order to provide Congress with an additional measure of control over Defense funding, a provision was incorporated as part of the Defense Appropriation Act for 1971 which established periods of obligation for appropriated funds.⁶ The

⁶The periods of obligation represented a control for Congress as a whole. Congressional Committees involved with defense funding already exercised a limited degree of control through the reprogramming process. [Ref. 18, p. 8 and Ref. 8, p. 192].

"no year" appropriations were thus changed to multi-year accounts. The obligational periods established were three years for all Procurement line items except Shipbuilding, which was allowed five years, two years for RDT&E and one year for Military Personnel and Operations and Maintenance. The assigned times approximated the average spend-out periods for the respective appropriations [Ref. 17, p. 8]. As indicated in Table II, there was a marked increase in the use of "financial adjustments" by the Subcommittee in FY 1972 and FY 1973. This may have been a result of the no-year to multi-year change in appropriations.

If one were to consider the decisions of the four categories, "reduced requirements", "Service adjustment", "conformance with authorization" and "financial adjustment" as not representing true Subcommittee initiative, and being unable to study the "no reason cited" category for lack of clarifying information in the data sources, it is clear that further analysis should focus on the two remaining categories, "improper request" and "special Subcommittee action."

3. The "Real" Decisions of the Subcommittee

The two categories, "improper request" and "special Subcommittee action", include decisions which appear to represent original independent action of the Appropriations Subcommittee on Department of Defense and would be expected to be most indicative of Subcommittee interest and behavior. Together the two categories accounted for 49.5 per cent of all the decisions and 39 per cent of the total dollar reduction

recommended for the period, FY 1970-1973. Again, it should be noted that included in these two categories are some reductions which were initially made in the authorization process but were further modified by the House Subcommittee.

a. Improper Request Category

The "improper request" category was the most heavily populated of all seven original categories with 115 decisions or 36.7 per cent of all decisions for the period, FY 1970-1973. It was also the category which accounted for the greatest dollar reduction, i.e., \$2709.7 million or approximately 33 per cent of the total amount. A breakdown of the category by classes of decisions is provided in Table III. As the data indicates, the Subcommittee focused its greatest attention on the class, "premature request". These decisions reflected Subcommittee interest in program progress. Requests were considered to be premature if all, or almost all, aspects of program development had not been completed. The Subcommittee was alert to slippages in schedule, testing results and system performance and evaluation. For example, in FY 1973, the Subcommittee was not convinced that the AIM-7F Sparrow Missile tests had demonstrated that the missile was ready to enter production and, therefore denied the Air Force request for \$19.5 million. In such instances, the size of the funding request appeared to be secondary to the desire to avoid excessive concurrency between development and production. On a consistent basis, more decisions

TABLE III

CLASSES OF IMPROPER REQUESTS
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

CLASS	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
1. IMPROPER CATEGORY	0 (\$0.0M)	1 (-\$7.1M)	1 (-\$2.3M)	8 (-\$364.6M)	10 (-\$374.0M)
2. PREMATURE REQUEST	10 (-\$616.0M)	19 (-\$483.4M)	6 (-\$38.6M)	17 (-\$534.8M)	52 (-\$1672.8M)
3. REDUCTION DUE TO CUTS IN RELATED ITEMS	6 (-\$176.8M)	9 (-\$100.3M)	2 (-\$6.4M)	8 (-\$93.6M)	25 (-\$377.1M)
4. INSUFFICIENT PRIORITY/ URGENCY	3 (-\$62.3M)	2 (-\$15.0M)	1 (-\$2.9M)	10 (-\$65.6M)	16 (-\$145.8M)
5. OTHER	2 (-\$32.4M)	1 (-\$2.5M)	2 (-\$8.1M)	7 (-\$97.0M)	12 (-\$140.0M)
	21 (-\$887.5M)	32 (-\$608.3M)	12 (-\$58.3M)	50 (-\$1155.6M)	115 (-\$2709.7M)

were made each year in response to items in the "premature request" category than any other category, an average of 13 decisions per year for the period, FY 1970-1973.

Another large class of decisions is the one which includes reductions forced by actions taken in related items. There were 25 such decisions representing almost 22 per cent of the 115 decisions in the "improper request" category for the period. The resultant reductions were generally in the area of spares and repair parts and were caused by decisions of the "premature request" type. For example, for FY 1970, the Subcommittee reduced the Navy request for missile spares and repair parts by \$2.4 million based on cuts recommended in missile procurement. Since such decisions were the natural consequences of other related decisions they may be considered to be non-representative of true Subcommittee initiative and therefore of little use in describing Subcommittee behavior. Eliminating this class of decisions from further consideration narrowed the field and re-emphasized the importance of the "premature request" class of decisions in explaining Subcommittee budgetary behavior.

Consideration of the category, "improper request", in terms of the individual line item appropriations, identified the Navy as the Service most affected by House Subcommittee action both from the standpoint of numbers of decisions and dollar reductions. The Marine Corps was the least affected Service, while the Army and

Air Force shared second place honors. The Army had more decisions (41) but fewer dollars (\$465.3 million) cut from its budget request than did the Air Force (27 decisions and \$698.8 million). Table IV is a breakdown of the "improper request" category by line item appropriation. In Table V, the Services are listed in order of Subcommittee impact.

b. Special Subcommittee Action

The types of decisions included in the category, "special Subcommittee action", are listed in Table VI. The 40 actions in this category represented 12.8 per cent of the 313 total decisions for the period and accounted for \$488.8 million or 5.9 per cent of the total dollar reduction. Actions were concentrated in two areas, those which reversed authorization action and others which made general reductions. The result of the Subcommittee reversal actions was to leave intact the original budget request for certain line item elements. Of 15 reversal actions, nine removed authorized additions and six restored amounts disallowed during the authorization process. The elimination of "add-on's" was within the normally accepted behavior of the Subcommittee, but restoration of cuts represented an incursion by the Subcommittee into the area of legislating, traditionally the domain of the Armed Services Committees. Authorization Committees legislate and Appropriations Committees are expected to appropriate funds within the limits set by the Authorization Act. The success enjoyed by the House Subcommittee in such situations by not being challenged on the




TABLE IV

LINE ITEM DISTRIBUTION OF IMPROPER REQUESTS
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

LINE ITEM	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
PEMA	8 (-\$209.3M)	13 (-\$149.0M)	7 (-\$35.0M)	13 (-\$72.0M)	41 (-\$465.3M)
PAMN	6 (-\$378.6M)	8 (-\$317.8M)	1 (-\$4.0M)	12 (-\$350.8M)	27 (-\$1051.2M)
SCN	0 (\$0.0M)	0 (\$0.0M)	0 (\$0.0M)	3 (-\$76.6M)	3 (-\$76.6M)
OPN	1 (-\$240.2M)	3 (-\$20.2M)	0 (\$0.0M)	10 (-\$133.1M)	14 (-\$393.5M)
PMC	2 (-\$20.1M)	1 (-\$4.2M)	0 (\$0.0M)	0 (\$0.0M)	3 (-\$24.3M)
APAF	1 (-\$2.0M)	2 (-\$47.5M)	1 (-\$2.0M)	4 (-\$372.0M)	8 (-\$423.5M)
MPAF	2 (-\$29.9M)	3 (-\$58.4M)	0 (\$0.0M)	4 (-\$80.1M)	9 (-\$168.4M)
OPAF	1 (-\$7.4M)	2 (-\$11.2M)	3 (-\$17.3M)	4 (-\$71.0M)	10 (-\$106.9M)
	21	32	12	50	115
	(-\$887.5M)	(-\$608.3M)	(-\$58.3M)	(-\$1155.6M)	(-\$2709.7M)

TABLE V

SERVICE DISTRIBUTION OF IMPROPER REQUESTS
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

SERVICE	NUMBER OF DECISIONS				TOTALS
	FY 1970	FY 1971	FY 1972	FY 1973	
1. NAVY	7	11	1	25	44
2. ARMY	8	13	7	13	41
3. AIR FORCE	4	7	4	12	27
4. MARINE CORPS	2	1	0	0	3
	21	32	12	50	115

SERVICE	DOLLAR VALUE OF REDUCTIONS				TOTALS
	FY 1970	FY 1971	FY 1972	FY 1973	
1. NAVY	-\$618.8M	-\$338.0M	-\$4.0M	-\$560.5M	-\$1521.3M
2. AIR FORCE	-\$39.3M	-\$117.1M	-\$19.3M	-\$523.1M	-\$698.8M
3. ARMY	-\$209.3M	-\$149.0M	-\$35.0M	-\$72.0M	-\$465.3M
4. MARINE CORPS	-\$20.1M	-\$4.2M	\$0.0M	\$0.0M	-\$24.3M
	-\$887.5M	-\$608.3M	-\$58.3M	-\$1155.6M	-\$2709.7M

TABLE VI

CLASSES OF SPECIAL SUBCOMMITTEE ACTION
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

CLASS	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
1. GENERAL REDUCTION	6 (-\$206.1M)	0 (\$0.0M)	5 (-\$27.7M)	2 (-\$81.1M)	13 (-\$314.9M)
2. REVERSAL OF AUTHORIZATION ACTION	7 (\$0.0M)	2 (\$0.0M)	0 (\$0.0M)	6 (\$0.0M)	15 (\$0.0M)
3. OTHER	1 (-\$62.4M)	2 (-\$36.0M)	4 (-\$0.3M)	5 (-\$75.2M)	12 (-\$173.9M)
	14 (-\$268.5M)	4 (-\$36.0M)	9 (-\$28.0M)	13 (-\$156.3M)	40 (-\$488.8M)

floor suggests the existence of a flexible limit to Subcommittee power and influence [Ref. 6, p. 422].

The class of decisions, "general reduction", contain those actions which might indicate a fiscal orientation toward budgeting. Korb has suggested that a fiscal orientation would be reflected in attention being focused on eliminating waste and inefficiency and that one of the results would be across the board reductions [Ref. 11]. For example, for FY 1970, the Subcommittee recommended a general reduction of \$34.4 million in the PEMA appropriation, over and above the specific reductions for various procurement items, to be applied by the Secretary of Defense against those items he deemed appropriate [Ref. 16, p. 54]. For the period, FY 1970-1973, there were 13 decisions of this type representing approximately four per cent of all decisions and 3.8 per cent of the total dollar reduction.

As in the case of the "improper request" category, the decisions under the "special Subcommittee action" category were also considered in terms of the individual line item appropriations, e. g., PEMA, PAMN, etc. Table VII provides the breakdown. Again, the Navy was the most affected Service with 25 decisions providing a reduction of \$322.9 million. The Army and Air Force shared runner-up honors with more decisions falling to the Air Force and greater dollar reductions assigned to the Army. Table VIII indicates the impact of Subcommittee action on the Services.

TABLE VII

LINE ITEM DISTRIBUTION OF SPECIAL SUBCOMMITTEE ACTION
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

LINE ITEM	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
PEMA	1 (-\$34.4M)	0 (\$0.0M)	2 (-\$7.2M)	1 (-\$75.6M)	4 (-\$117.2M)
PAMN	2 (-\$75.2M)	1 (-\$32.2M)	0 (\$0.0M)	5 (-\$5.5M)	8 (-\$112.9M)
SCN	7 (\$0.0M)	2 (\$0.0M)	0 (\$0.0M)	1 (-\$50.0M)	10 (-\$50.0M)
OPN	3 (-\$143.0M)	1 (-\$3.8M)	2 (-\$4.3M)	2 (-\$12.7M)	8 (-\$163.8M)
PMC	0 (\$0.0M)	0 (\$0.0M)	1 (-\$0.6M)	0 (\$0.0M)	1 (-\$0.6M)
APAF	0 (\$0.0M)	0 (\$0.0M)	1 (+\$5.8M)	3 (+\$30.0M)	4 (+\$35.8M)
MPAF	0 (\$0.0M)	0 (\$0.0M)	1 (-\$15.2M)	1 (-\$42.5M)	2 (-\$57.7M)
OPAF	1 (-\$15.9M)	0 (\$0.0M)	2 (-\$6.5M)	0 (\$0.0M)	3 (-\$22.4M)
	14 (-\$268.5M)	4 (-\$36.0M)	9 (-\$28.0M)	13 (-\$156.3M)	40 (-\$488.8M)

TABLE VIII

SERVICE DISTRIBUTION OF SPECIAL SUBCOMMITTEE ACTION
HOUSE DEFENSE APPROPRIATIONS SUBCOMMITTEE
PROCUREMENT APPROPRIATION FY 1970-1973

NUMBER OF DECISIONS

SERVICE	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
1. NAVY	12	4	2	8	26
2. AIR FORCE	1	0	4	4	9
3. ARMY	1	0	2	1	4
4. MARINE CORPS	0	0	1	0	1
	14	4	9	13	40

DOLLAR VALUE OF REDUCTIONS

SERVICE	FY 1970	FY 1971	FY 1972	FY 1973	TOTALS
1. NAVY	-\$218.2M	-\$36.0M	-\$4.3M	-\$68.2M	-\$326.7M
2. ARMY	-\$34.4M	\$0.0M	-\$7.2M	-\$75.6M	-\$117.2M
3. AIR FORCE	-\$15.9M	\$0.0M	-\$15.9M	-\$12.5M	-\$44.3M
4. MARINE CORPS	\$0.0M	\$0.0M	-\$0.6M	\$0.0M	-\$0.6M
	-\$268.5M	-\$36.0M	-\$28.0M	-\$156.3M	-\$488.8M

D. SUMMARY OF FINDINGS

The analysis undertaken in this thesis was limited to consideration of the actions of the House Defense Appropriations Subcommittee on the Defense Procurement appropriation. Three significant aspects of Subcommittee activity have been identified which contribute to a greater insight into Congressional budgetary behavior. First, the authorization process has been shown to have had an increasing impact on the Procurement appropriation. In FY 1973, approximately 73 per cent of the total dollar reduction recommended by the House Subcommittee on Defense for the Procurement appropriation could be attributed to cuts imposed by the Armed Services Committees during the authorization process.

Second, the study has suggested that the decisions that are indicative of true Subcommittee initiative represent less than 40 per cent of all Subcommittee recommendations and that such activity can be grouped into two principal categories identified as "improper requests" and "special Subcommittee action". Within the larger category, "improper requests", Subcommittee activity was concentrated in two areas labeled "premature requests" and "improper category requests". "Premature request" decisions were those which were generally concerned with program progress and the avoidance of excessive concurrency between development and procurement. The "improper category requests" identified activities which were more appropriately funded under an appropriation other than Procurement, such as RDT&E or O&M.

Within the smaller category, "special Subcommittee action", there were also two principal areas of attention referred to as "general reductions" and "reversal of authorization decisions". "General reductions" represented cuts generally of a non-specific nature which were to be absorbed as the affected Service saw fit. In "reversal of authorization decisions" some indication of House Subcommittee independence and influence was provided. The House Subcommittee was able to successfully restore cuts and thereby exceed the theoretical upper bound on funding authority set by the authorization legislation.

The third finding involved the identification of the Navy as the Service most affected in the Defense Procurement appropriation by the House Subcommittee, both in number of decisions and the dollar amount of reduction for the period, FY 1970-1973. Runner-up honors were shared by the Army and the Air Force.

IV. CONCLUSIONS

A. IMPACT ON DEFENSE PROCUREMENT

The greatest impact of Congressional budgetary activity on the Defense request has been in the area of Procurement where the reductions enacted by Congress for the period, FY 1970-1973, have averaged approximately 12 per cent of the amount requested [Ref. 11]. The purpose of this study was to provide a greater insight into the Congressional budgetary process by analyzing the actions of the House Defense Appropriations Subcommittee in the area of Defense Procurement. The House Subcommittee has played a central role in the appropriations process and in the area of Procurement has enjoyed amendment-free endorsement of its recommendations by the House for the four years included in this study.

This analysis has indicated that there was an increasing impact by the authorization process on the Defense Procurement appropriation for the period studied; that in FY 1973 approximately 73 per cent of the total dollar reduction in Procurement could be attributed to cuts made in the authorization legislation; that the House Subcommittee exercised true initiative in less than 40 per cent of its recommendations concerning Defense Procurement; that Subcommittee activity was usually concerned with program progress, elimination of improper funding, or critical

review of items added or eliminated during the authorization process; that general arbitrary reductions, while employed by the Subcommittee, were used sparingly; and that the Navy was the Service most heavily affected by the Subcommittee actions in the area of Defense Procurement.

B. BUDGETARY ORIENTATION: PROGRAMMATIC OR FISCAL?

If a programmatic orientation in budgetary activity means that budget decisions are made after consideration of overall national policy choices and national security objectives, as suggested by Arnold Kanter, then the normal behavior of the House Defense Appropriations Subcommittee must be considered non-programmatic with regard to Defense Procurement. The thrust of Subcommittee attention during the period, FY 1970-1973, was in the direction of program progress and costs.

If a programmatic orientation is reflected in program cancellations, as indicated by Korb, then House Subcommittee behavior is a matter of interpretation. There were programs cancelled or eliminated during the period, FY 1970-1973, including the Cheyenne helicopter, the fast deployment logistics ship (FDL) and the Main Battle Tank (MBT), but all such cancellations or program eliminations were effected during the authorization process. Although the House Subcommittee did not initiate the action, its endorsement of the action might be interpreted as indicative of programmatic behavior.

If a fiscal orientation is indicated by across the board reductions, as implied by Kanter, then House Subcommittee behavior is fiscal, at

least in part. General reductions represented some \$314.9 million or 3.8 per cent of the total period reduction of \$8196.4 million recommended by the House Subcommittee.

If a fiscal orientation is characterized by program slowdown or stretch-out, as suggested by Korb, then House Subcommittee behavior is largely fiscal. The largest single class of decisions involved program progress and generally had the effect of slowing down programs to preclude excessive concurrency.

In general, the House Subcommittee identified specific reductions with specific requests and based its decisions on the specific cost details provided by the Services. With few exceptions, the actions taken by the Subcommittee could not be viewed as arbitrary. The Subcommittee behavior does not appear to be as systemitized as suggested by Davis, Dempster and Wildavsky and Terry. Therefore, the applicability of the mathematical models of Davis, Dempster and Wildavsky and Terry is considered doubtful at the program level of aggregation of budgetary decisions by the House Defense Appropriations Subcommittee.

Although the results of this study are not conclusive and only apply to the area of the Defense Procurement Appropriation, they do indicate greater support for a fiscal orientation in the budgetary behavior of the House Defense Appropriations Subcommittee, if a fiscal orientation means concern for the level of spending with across the board cuts and/or slowdown of programs.

C. AREAS FOR FURTHER STUDY

The area of RDT&E has been second only to Procurement with regard to Congressional budgetary activity and would be a logical area for a follow-on study of House Subcommittee behavior. Similar analyses of the Senate Subcommittee on Defense Appropriations in the areas of Procurement and RDT&E would provide the basis for the comparison and assessment of the relative importance and influence of the House and Senate Appropriations Committees over the Defense Appropriation.

Because of the growing influence of the authorization process on the appropriations results, it appears that an analysis of the behavior of the Armed Services Committees of the House and Senate is needed in order to identify the causes for this recent change.

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